IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

ITA No.358 of 2006
Date of decision:12.10.2006

The Commissioner of Income Tax, Panchkula

...Appellant

versus

M/s Chauhan Papers Pvt. Limited, Chhoti Line, Yamunanagar

....Respondent

CORAM: HON'BLE MR. JUSTICE ADARSH KUMAR GOEL
HON'BLE MR. JUSTICE RAJESH BINDAL

Present: Mr. Yogesh Putney, Advocate, for the appellant.

JUDGMENT:

1. The revenue has preferred this appeal against the order of the Income Tax Appellate Tribunal, Chandigarh Bench (B), Chandigarh (in short, 'the ITAT') dated 17.11.2005 in ITA No.377/Chand/2005, in respect of assessment year 2000-01, proposing following substantial questions of law:-

> "1. Whether, on the facts and in the circumstances of the case, the ld. ITAT was right in law in holding that ld. CIT(A) had rightly deleted the addition made on account of investment in excess stock of goods.
>
> 2. Whether, on the facts and in the circumstances of the case, the assessee can take advantage of higher figures of closing stock hypothecated to the bank, which was duly verified by the bank authorities physically, and at the same time disown the same for the purpose of its assessment to income tax?"

2. The assessing officer made addition to the returned income on the ground of variation in the closing stock in the account books and the stock statement furnished to the bank by the assessee. The same was set aside by the CIT(A) on the ground that hypothecation statement was on the basis of estimate and variation in the closing stock in the account books and stock statement furnished to the bank by the assessee was not per se enough

for making the addition. The Tribunal affirmed the order of the CIT(A). It was held that the assessing officer having accepted gross profit rate and having not pointed out any suppressed sales or inflated purchases or any other discrepancy in the books of account, addition was not justified merely on the ground that there was variation in the stock statement furnished to the bank and the closing stock in the accounts books.

3. We have perused the impugned order and heard learned counsel for the revenue.

4. The finding recorded by the Tribunal is a pure finding of fact. The counsel for the revenue could not point anything to show that the findings recorded by the Tribunal are perverse.

5. No substantial question of law arises from the order of the Tribunal. Further, we find that ITA No.193 of 2005 (**CIT v. Shree Vardhman Rice & General Mills**), raising a similar question of law, was dismissed by this Court on August 16,2005.

6. The appeal is dismissed.

(Adarsh Kumar Goel)
Judge

October 12, 2006
'gs'

(Rajesh Bindal)
Judge